

2013 Economic Impact of Tourism in Indiana

Methodology, Metrics and
Evaluation



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2013 Indiana Tourism Highlights

Background & Methodology

2012 – 2013 Indiana Tourism Performance

2013 Tourism's Contribution to the Indiana Economy

2012 – 2013 Indiana Tourism by County

Visitor Impact Perspectives



2013 Indiana Tourism Highlights

- Total Indiana tourism spending reached \$10.3 billion in 2013, up 2% from a Super Bowl-charged 2012. If SB-XLVI's outsized effect on the 2012 numbers is extracted, Indiana tourism expenditures advanced by 4.2%, well above the U.S. industry average of 3.9%.
- Indiana visitor volume reached 71.7 million Person-Stays¹ in 2013, an increase of nearly 250,000 from year-earlier levels. This represents a 0.3% gain over 2012, a figure also influenced by the Super Bowl. Leisure visits advanced by 0.3%, business by 0.7%, and international volume grew over 3% in 2012. Indiana spending-per-visitor grew by 1.6% in 2012, reaching over \$143 per trip.
- Tourism contributed nearly \$8 billion to Indiana Gross Domestic Product (GDP) in 2013, an increase of 1.4% from the year before. Businesses that directly touch Hoosier visitors encompassed over \$4.7 billion of that total. Meanwhile, tourism supply chain businesses were the indirect beneficiaries of \$1.4 billion of that overall contribution. Finally, the wages earned in tourism and later spent within the state added another \$1.7 billion to Indiana's GDP.
- Indiana tourism-supported jobs climbed to over 187,000 across the state in 2013, slightly above 2012 levels. Just over 140,000 of those jobs were with businesses that directly serve Indiana's visitors. The remaining 47,000+ worked for either upstream (supply chain) businesses or downstream (induced) organizations. One of every 14 workers in Indiana owes his/her job to tourism.
- Hoosier tourism contributed over \$2.2 billion in tax receipts in 2013, an increase of about 2% over a Super Bowl-fueled 2012. Tourism-initiated federal receipts reached \$979 million in 2013. Tourism contributed over \$763 million to Indiana state tax revenues, \$572 million (75%) of which were sales tax receipts. Finally, tourism is extremely important to Indiana local governments, contributing over \$429 million in 2013.
- The tourism Industry in Indiana contributes about In 2013, tourism contributed about 1.5% of total Indiana Gross Domestic Product, 4.7% of total jobs in the state, and 6.3% of state & local tax receipts. >>

¹ The total number of people that traveled, regardless of the length of their stay. This measure equates to the number of visitors and can be influenced by changes in the number of travel parties or the number of people in the travel party.

2013 Indiana Tourism Highlights

- Direct tourism industry employment grew to 140,500 in 2013, about flat versus the year earlier. Based upon employment, Tourism remains the 7th largest industry in the state (including government). Tourism-initiated direct wages reached over \$3.1 billion in 2013 resulting in an average annual wage of nearly \$22,000 per worker. This included both full and part time workers.
- Indiana remains a relatively low-tax destination for visitors, despite Indianapolis' relatively high discretionary tourism taxes (i.e. hotel, rental car, F&B excise, etc.). The imputed total tax rate for Indiana tourism is 21%, considerably lower than the 30% U.S. average. This includes all taxes generated by tourism activity.
- The Indiana economy retained about 77¢ of each dollar spent by visitors in the state during 2013. This is close to the average of all states and indicative of a relatively diverse state economy.

2013 Economic Impact of Tourism in Indiana

Background & Methodology



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Study Overview

The economic impact of tourism in the state of Indiana was commissioned by the Indiana Office of Tourism Development. Covering the calendar year of 2013, the analysis seeks to translate the contribution made by visitors to Indiana GDP, jobs, wages, and tax receipts. The research was conducted by Rockport Analytics and Reach Market Planning, both independent market research & consulting companies, using a time-tested approach that has been applied to many state and city destinations across the United States. The goal of the study was to measure and analyze the full economic contribution that visitors make to the Indiana economy.

Methodology

The total economic impact of travelers is separated into three distinct effects: direct, indirect, and induced. The direct impacts represent the value added of those sectors that interact directly with, or touch, the visitor. The indirect impact represents the benefit to local suppliers to those direct sectors. This would include, for example, Indiana-based food suppliers to restaurants. The induced impact adds the effect of tourism-generated wages as they are spent throughout Indiana's economy.

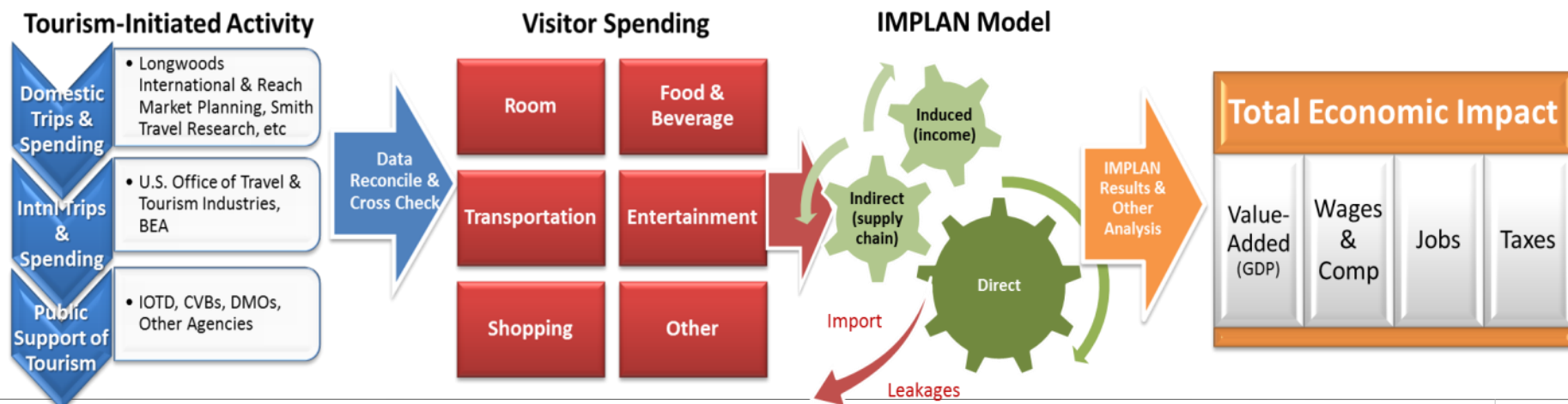
The economic impacts reported in this study are based on Indiana visitor spending as reported by Longwoods International (www.longwoods-intl.com), Reach Market Planning (www.reachmp.com) and U.S. Office of Travel & Tourism Industries (<http://tinet.ita.doc.gov>). This traveler data is then reconciled with Bureau of Labor Statistics (BLS) reported employment data, reported tax receipts, and other secondary sources such as Smith Travel Research, Dun & Bradstreet, and McGraw-Hill Construction. >>

Methodology Cont.

An economic model of Indiana is also critical to estimating how traveler spending resounds through the state and county-level economies. Rockport Analytics has chosen the IMPLAN model for Indiana (www.implan.com), a non-proprietary economic model that is the defacto standard for most economic impact assessments in the United States. This model is critical to measuring the direct, indirect, and induced impacts of visitation to the state.

IMPLAN also measures how much of each tourism dollar remains in the state economy. Total traveler spending generally exceeds the direct impact of tourism. This is because not all goods and services purchased by travelers are supplied by firms located in Indiana. The IMPLAN model accounts for these import “leakages”² to suppliers located outside of the state. Generally, the more diversified a state economy, the lower are import leakages and the higher the retention and multiplier of visitor spending.

² Leakages refer to goods and services that must be imported into the state due to insufficient in-state capacity.

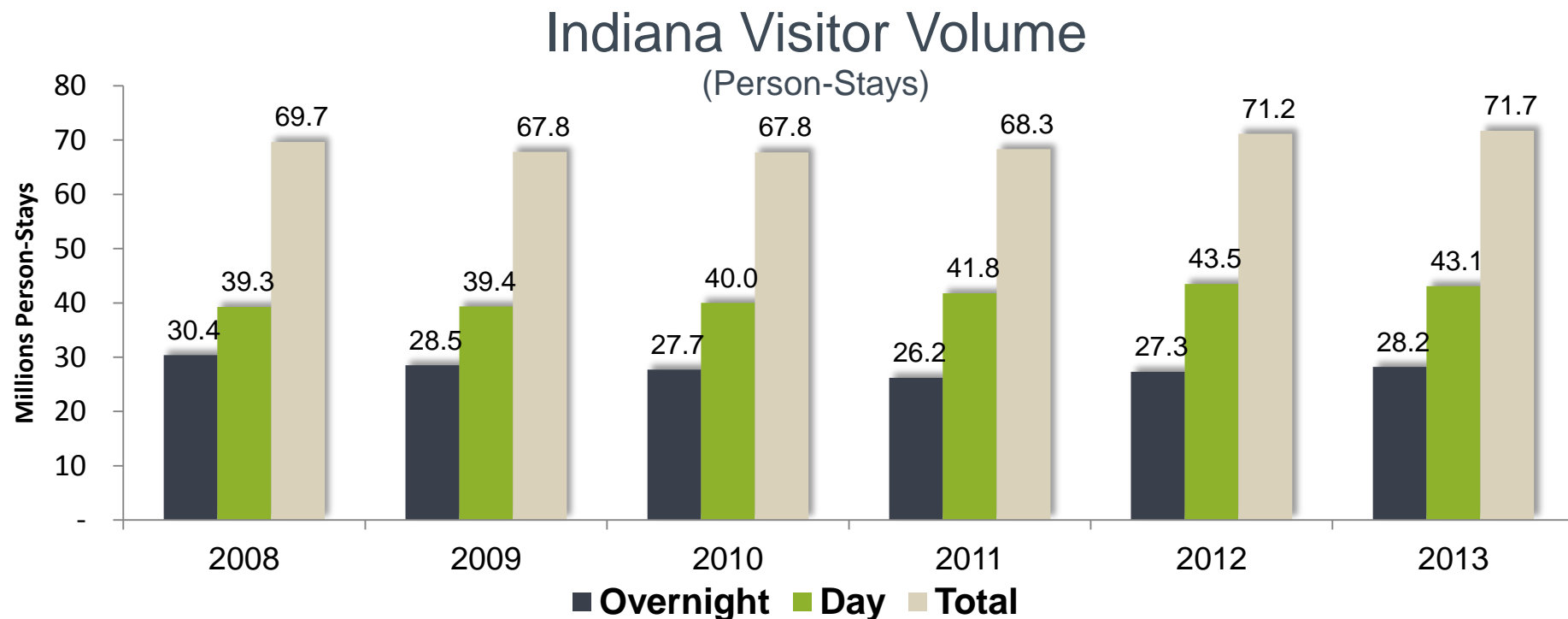


2013 Economic Impact of Tourism in Indiana

Indiana Tourism Performance



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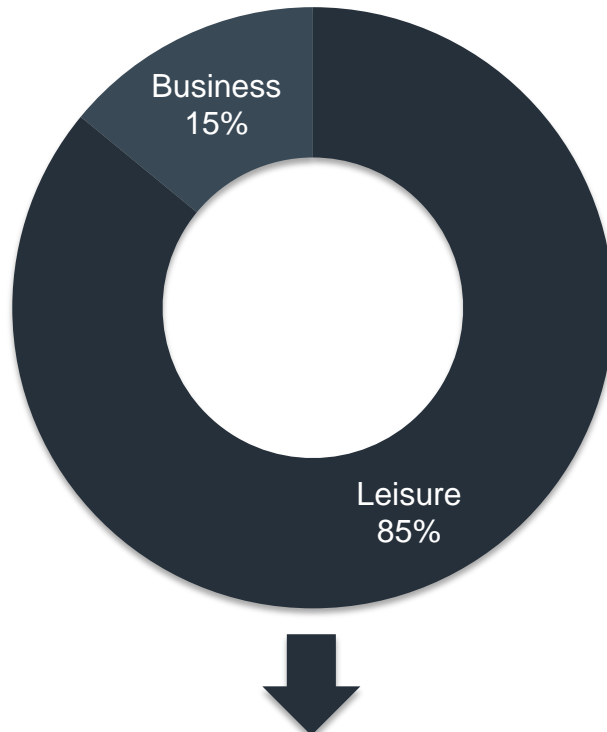


Note: The Total category includes international visitors. Data for this category could not be separated into day and overnight trips.

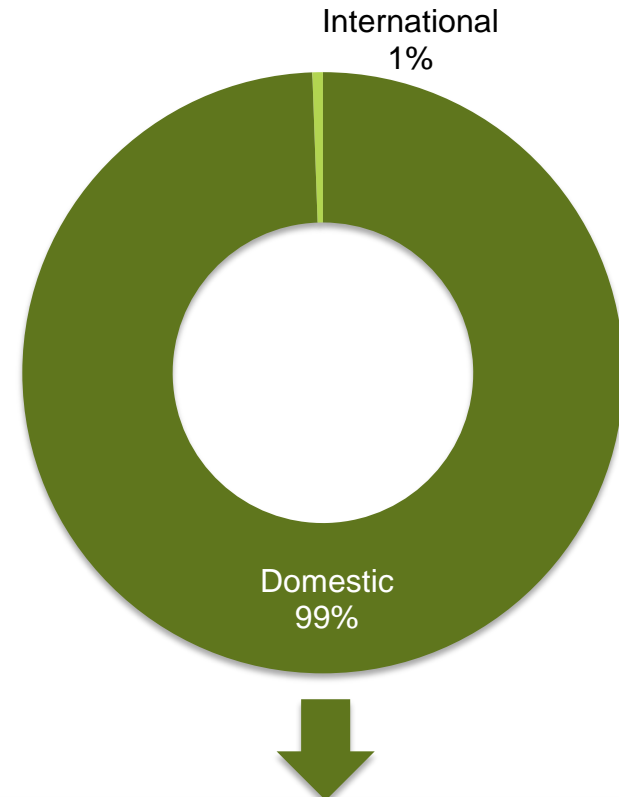
Source: Longwoods International, Reach Market Planning, OTTI, Rockport Analytics

- ✓ Indiana trip volume advanced 0.3% in 2013, fairly strong growth when considering the additional 472k in Super Bowl XLVI visitation in 2012. Performance was mixed between visitor segments as overnight visitation grew 3% while day trips fell by 1%.
- ✓ Leisure trips comprised about 85% of total visitor volume in 2013 and expanded by 0.3% (compared to 2012). Business trips made up the remainder (15%) and grew 0.7%. In contrast, overall US leisure travel trip volume expanded by 1.5% in 2013. Meanwhile, total US business trip growth reached 1.2% versus 2012 levels.
- ✓ The high concentration of day trips suggests that Indiana is strong “drive” destination.

Volume By Key Travel Segments



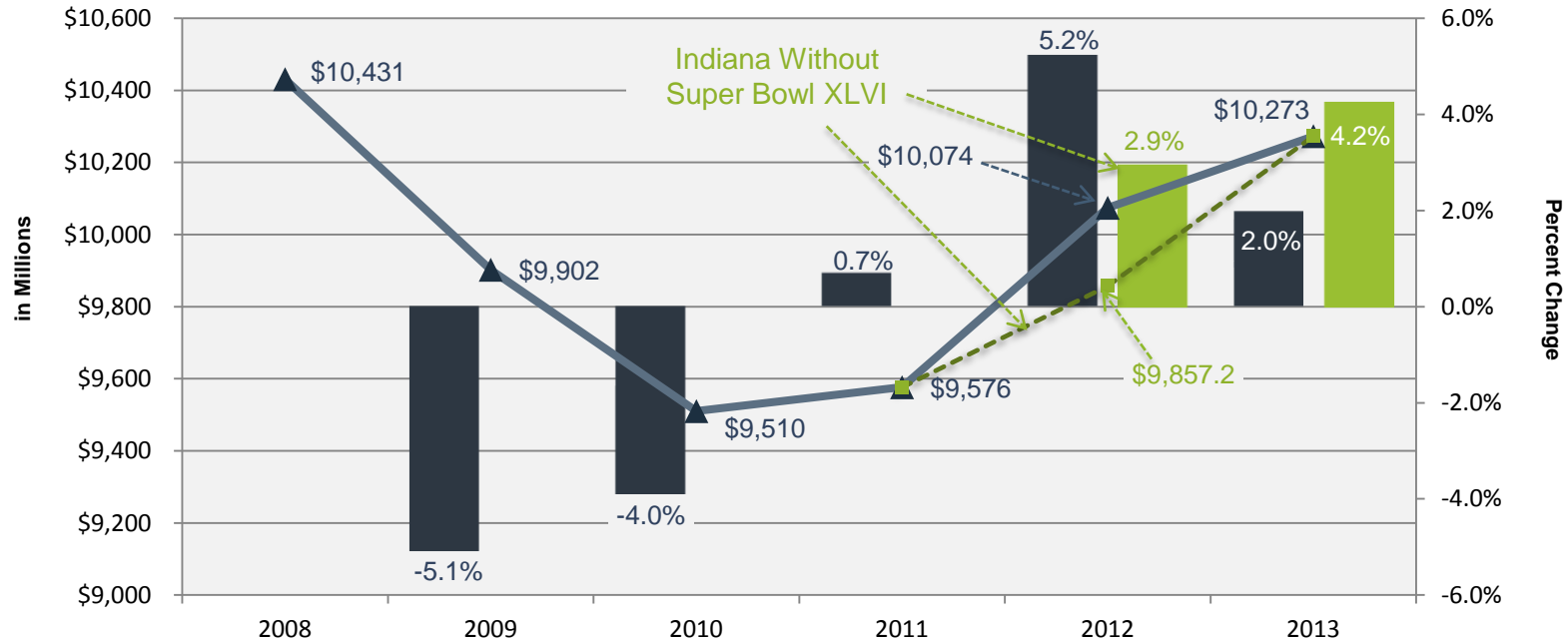
- ✓ Leisure travel to Indiana up by +0.3% in 2013
- ✓ Business travel up by +0.7% in 2013
- ✓ Group business travel outperformed transient business travel, growing 3.1% in 2013



- ✓ International Travel rose 3% in 2013
- ✓ About 36% of international visitors came from overseas markets, 46% from Canada, and the remaining 18% from Mexico
- ✓ Domestic volume increased by 0.3% in 2013
- ✓ The average amount spent per trip by international visitors in 2013 exceeded the average amount spent by domestic visitors by 8x.

Steady Increases in State Tourism Spending

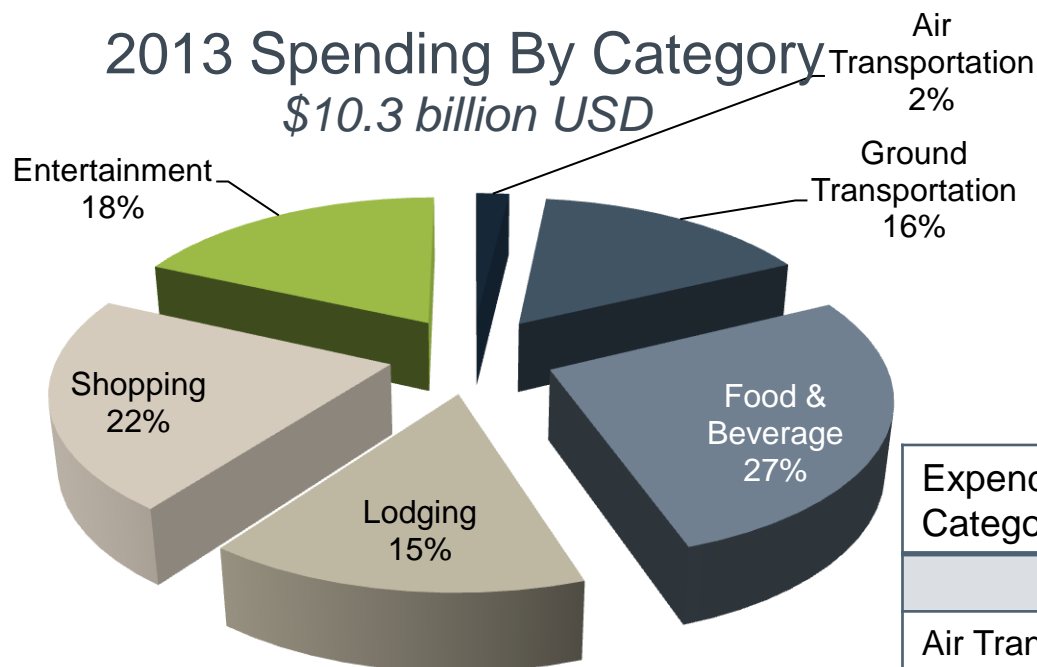
Indiana Tourism Spending



Source: Longwoods International, OTTI, Reach Market Planning, Rockport Analytics

- ✓ At almost \$10.3 billion in spending, Indiana tourism experienced growth of 2.0% in 2013. Without the effects of Super Bowl XLVI on 2012's results, Hoosier tourism would have advanced 4.2%.
- ✓ Indiana tourism fell just short of regaining its pre-Great Recession peak of \$10.4 billion reached in 2008.
- ✓ Super Bowl XLVI brought \$264 million in visitor spending to Indiana. The Super Bowl did, however, displace an estimated \$47 million in typical tourism spending for that time of year. Netting these effects from total tourism spending in 2012 would have resulted in a total of \$9.9 billion rather than the actual \$10.1 billion, representing a 2.9% increase over 2011.
- ✓ Spend-Per-Visitor levels reached \$143 in 2013, up about \$2.28 per trip from the year before.

Spending Up Across Categories in 2013



Lodging spending up as overnight volume increases

Indiana hoteliers fared well in 2013 with lodging expanding by 2.3%. Lodging growth performed better than other categories as overnight visitation grew faster than day trips in 2013.

Source: Longwoods International, OTTI, Reach Market Planning, Smith Travel Research, Rockport Analytics

Entertainment spending on the rise

All categories of tourism spending advanced in 2013 but leading the charge was entertainment, up nearly 5% over 2012 levels.

Destination-based air spending up 1.5%

Air spending, at \$195M, includes only an imputed local total. Most traveler air spending takes place in origin markets.

Expenditure Category	2012	2013	Growth
<i>In Millions USD</i>			
Air Transportation	\$192	\$195	1.5%
Ground Transportation	\$1,608	\$1,633	1.6%
Food & Beverage	\$2,770	\$2,784	0.5%
Lodging	\$1,530	\$1,565	2.3%
Shopping	\$2,193	\$2,228	1.6%
Entertainment	\$1,782	\$1,869	4.9%
Total	\$10,074	\$10,273	2.0%

Note: extracting the impact of SBXLVI, total spending growth would have been 4.2%

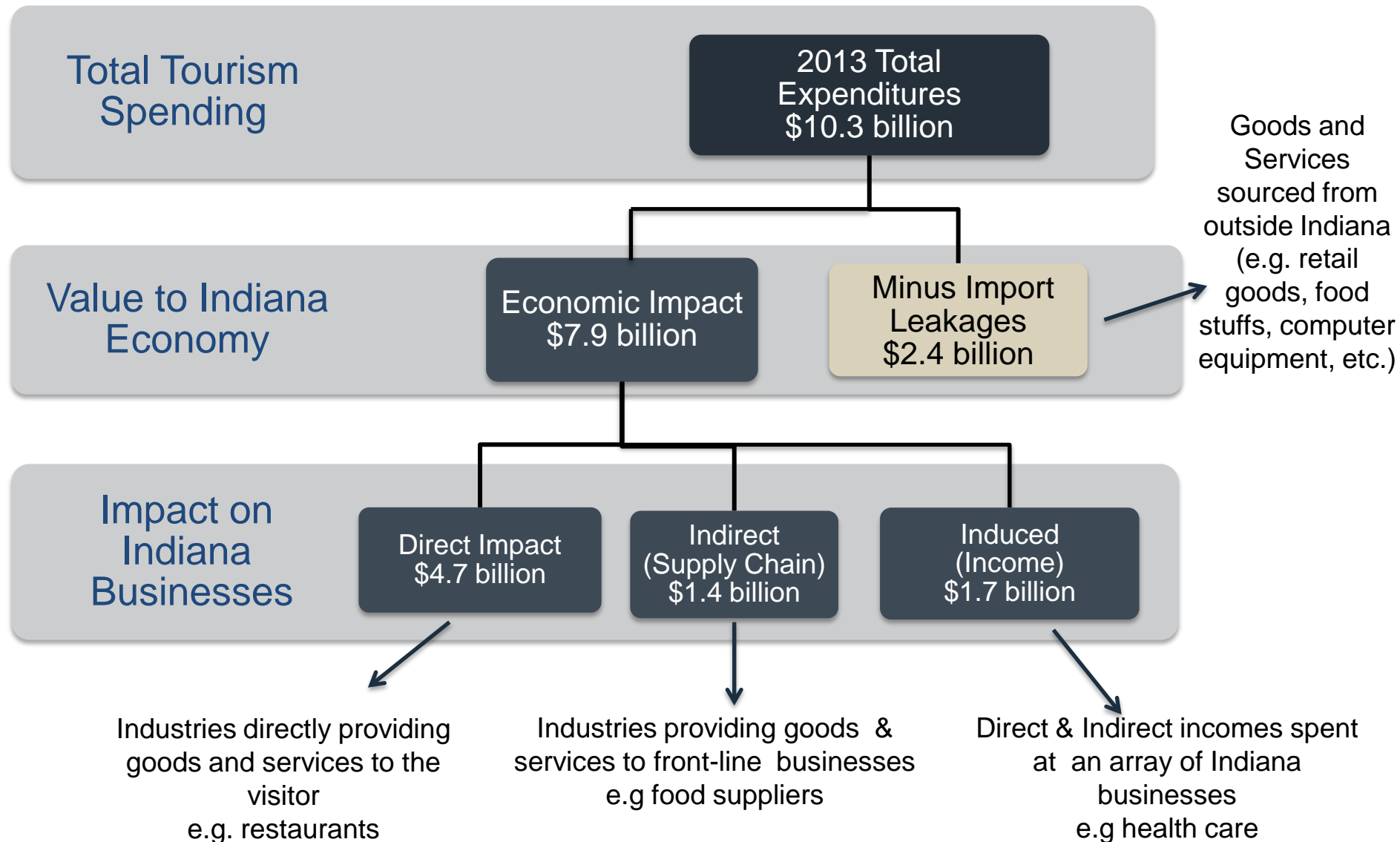
2013 Economic Impact of Tourism in Indiana

Tourism's Contribution to the Indiana Economy



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Indiana Tourism Impact Flows



2013 Economic Impact Summary (Compared to 2012)

2013 Metric	Direct	Indirect	Induced	Total	% 2012	Difference from 2012
Visitor Volume				71.7M	0.7%	+524K
Total Tourism Spending	-	-	-	\$10.3B	2.0%	+\$199K
Economic Impact (GDP)	\$4.7B	\$1.4B	\$1.7B	\$7.9B	1.4%	+\$111M
Wages	\$3.1B	\$868M	\$952M	\$4.9B	1.4%	+\$69M
Jobs	140,500	21,500	25,400	187,400	0.0%	-
Tax Receipts	-	-	-	\$2.2B	2.0%	+\$42M

Highlights:

- Indiana welcomed nearly 72 million visitors in 2013, over half a million more than 2012.
- Tourism expenditures reached \$10.3 billion in 2013 (an increase of 2% vs. 2012). The increase would have totaled 4.2% without Super Bowl XLVI.
- \$7.9 billion contribution to Indiana GDP last year.
- 187,000 jobs (140,000 of which directly touched the visitors).
- \$2.2 billion in tax receipts (\$1.2 billion of which were state & local levies).
- \$3.1 billion in wages paid to Indiana tourism workforce and another \$1.8 billion paid to downstream workers.

Tourism Supports Sales in a Multitude of Industries Across the State

Indiana Tourism: 2013 Economic Impact (Value Added/GDP)

Industry (NAICS)*	Direct	Indirect	Induced	Total
Restaurants & drinking places	\$1,363.3	\$52.9	\$83.7	\$1,499.9
Ground passengers	\$974.0	\$1.6	\$2.4	\$978.1
Accommodations	\$710.4	\$1.0	\$0.7	\$712.1
Real estate	\$-	\$162.9	\$365.7	\$528.6
General merchandise	\$469.3	\$4.8	\$42.5	\$516.6
Amusement	\$413.5	\$1.8	\$20.8	\$436.1
Museums & similar	\$359.0	\$-	\$1.9	\$360.9
Performing arts & spectator sports	\$247.2	\$35.4	\$5.9	\$288.4
Professional- scientific & tech svcs	\$13.6	\$200.3	\$66.3	\$280.2
Admin support svcs	\$-	\$141.9	\$41.1	\$183.0
Ambulatory health care	\$-	\$0.3	\$167.5	\$167.8
Wholesale Trade	\$-	\$51.8	\$91.9	\$143.7
Utilities	\$-	\$97.7	\$42.1	\$139.8
Monetary authorities	\$-	\$50.2	\$71.7	\$121.9
Insurance carriers & related	\$-	\$64.8	\$53.2	\$117.9
Rental & leasing svcs	\$80.7	\$13.1	\$8.6	\$102.4
Government & non NAICs	\$13.1	\$67.6	\$21.5	\$102.2
Hospitals	\$-	\$0.0	\$98.5	\$98.5
Telecommunications	\$-	\$46.9	\$33.9	\$80.8
Construction	\$-	\$55.0	\$18.9	\$73.9
Air transportation	\$63.9	\$2.1	\$4.0	\$70.0
Other Industries	\$-	\$380.0	\$486.9	\$866.9
Total	\$4,708.0	\$1,432.0	\$1,729.8	\$7,869.9
Total - 2012	\$4,641.7	\$1,414.3	\$1,706.0	\$7,762.0
% Change	1.4%	1.3%	1.4%	1.4%

Direct

Businesses that serve Indiana visitors

Indirect

Supply Chain businesses that often do not fully appreciate the benefits visitors bring to Indiana

Induced

Tourism-supported workers spend much of their wages locally creating benefits to virtually all local businesses

* North American Industrial Classification System (NAICS). For specific industry definitions, see www.census.gov

Jobs in a Wide Array of Sectors Also Impacted by State Tourism

Indiana Tourism: 2013 Economic Impact (Employment)

Industry (NAICS)*	Direct	Indirect	Induced	Total
Restaurants & drinking places	50,921	2,010	3,179	56,111
Transit & ground passengers	34,505	57	85	34,647
Performing arts & spectator sports	13,382	1,465	278	15,125
Accommodations	14,908	21	16	14,945
General merch stores	11,306	119	1,040	12,465
Amusement	8,809	63	393	9,266
Admin support services	0	4,128	1,189	5,317
Museums & similar	4,978	0	27	5,005
Professional Services	192	2,630	885	3,707
Real estate	0	1,893	1,208	3,101
Ambulatory health care	0	3	2,058	2,061
Hospitals	0	0	1,515	1,515
Government & non NAICs	228	837	289	1,355
Wholesale Trade	0	443	786	1,230
Personal & laundry svcs	0	633	577	1,210
Construction	0	913	254	1,168
Religious	0	282	848	1,130
Educational services	0	110	941	1,052
Nursing & residential care	0	0	1,015	1,015
Repair & maintenance	0	552	446	997
Insurance carriers & related	0	563	420	983
All Other Industries	1,307	4,798	7,902	14,008
Total	140,537	21,521	25,354	187,411
Total 2012	140,317	21,588	25,429	187,334
% Change	0.2%	-0.3%	-0.3%	0.0%

- ✓ Over 140,000 jobs were directly supported by tourism activity in 2013. Another 20k+ jobs were supported by the supply chain of those businesses and 25k+ through the wages spent by those workers.
- ✓ Tourism's contribution to supply chain businesses (Indirect) is often underappreciated. For example, over 2,600 Professional & Business Services jobs owe their existence to Indiana visitors.

* North American Industrial Classification System (NAICS). For specific industry definitions, see www.census.gov

Tourism is the 7th Largest Industry in the State Accounting for 5% of Employment

2013 Tourism in Indianapolis: Ranking of Major Industries By Total Employment

Rank	Industry	2013 Reported	2013 Tourism Extracted	% of Total Employment	12-13 Growth Rate
1	Manufacturing	498,600	498,600	16.8%	2.6%
2	Government	422,400	422,172	14.2%	-0.1%
3	Health & Social Services	373,000	373,000	12.6%	1.3%
4	Professional Services	315,100	314,908	10.6%	4.8%
5	Retail trade	319,500	308,014	10.4%	1.6%
6	Accommodation & Food Services	251,400	185,571	6.3%	2.0%
7	Tourism	N/A	140,717	4.7%	0.3%
8	Construction	125,100	125,100	4.2%	0.8%
9	Other Services	120,300	120,300	4.1%	1.6%
10	Wholesale Trade	117,200	117,200	4.0%	0.9%
11	Transportation & Utilities	136,200	101,027	3.4%	2.0%
12	Finance & Insurance	98,000	98,000	3.3%	1.2%
13	Educational Services	70,100	70,100	2.4%	6.1%
14	Information	35,400	35,400	1.2%	-0.8%
15	Real Estate	32,500	31,861	1.1%	0.6%
16	Arts, Entertainment & Recreation	42,100	14,930	0.5%	3.2%
17	Mining	7,100	7,100	0.2%	2.9%
	Total Indiana Employment	2,964,000	2,964,000	100%	2.1%

Source: Rockport Analytics, BLS, Moody's Analytics, IMPLAN

Reported: As released by the Bureau of Labor Statistics and the Indiana Department of Labor

Tourism Extracted: Tourism's contribution to jobs in each industry is removed and placed in "Indiana's Tourism Industry"

Indiana Tourism-Initiated Tax Revenue

2012 – 2013 Tourism Tax Revenue Collections

	2012	2013	% Change
Federal:	<i>in thousands of dollars</i>		
Corporate Income	\$129,666	\$132,743	2.4%
Personal Income	\$273,666	\$279,253	2.0%
Excise & Fees	\$78,225	\$79,353	1.4%
Social Security & Other Taxes	\$477,428	\$487,398	2.1%
Federal Total	\$958,985	\$978,747	2.1%
State:			
Corporate Income	\$18,330	\$18,765	2.4%
Personal Income	\$91,645	\$93,516	2.0%
Social Insurance Taxes	\$4,830	\$4,933	2.1%
Other Business Taxes	\$29,631	\$30,089	1.5%
Excise & Fees	\$37,302	\$38,254	2.6%
Rental Car Excise	\$5,798	\$5,482	-5.4%
Sales Taxes	\$560,545	\$571,836	2.0%
Indiana Total	\$748,080	\$762,875	2.0%
Local:			
Personal Income	\$13,092	\$13,359	2.0%
Hotel Tax	\$82,456	\$84,699	2.7%
Admission Taxes	\$696	\$866	24.4%
Property Taxes	\$316,250	\$320,822	1.4%
Rental Car	\$2,373	\$2,324	-2.1%
Food & Beverage	\$2,670	\$2,683	0.5%
Other Licenses, Fines & Fees	\$4,664	\$4,745	1.7%
Indianapolis Total	\$422,201	\$429,499	1.7%
Total Indiana Tourism-Initiated Taxes	\$2,129,266	\$2,171,120	2.0%

Hoosier tourism is a key supporter of both state & local government

- ✓ Tourism-initiated taxes grew 2% in 2013 while all Indiana tax receipts grew only 2.7%.
- ✓ If tourism did not exist in Indiana, taxing authorities around the state would need to generate an average of \$478 in additional state & local taxes from each of Indiana's 2.5 million households to maintain current levels of tax receipts
- ✓ Tourism provides about 1.5% of Indiana's GDP but contributes 6.3% of state & local tax collections.
- ✓ 2013 Indiana tourism-initiated admission taxes were boosted by a Marion County rate increase to 10% effective March 2013
- ✓ Hoosier tourism has an effective tax rate of 21%, well below the national average of 30%.

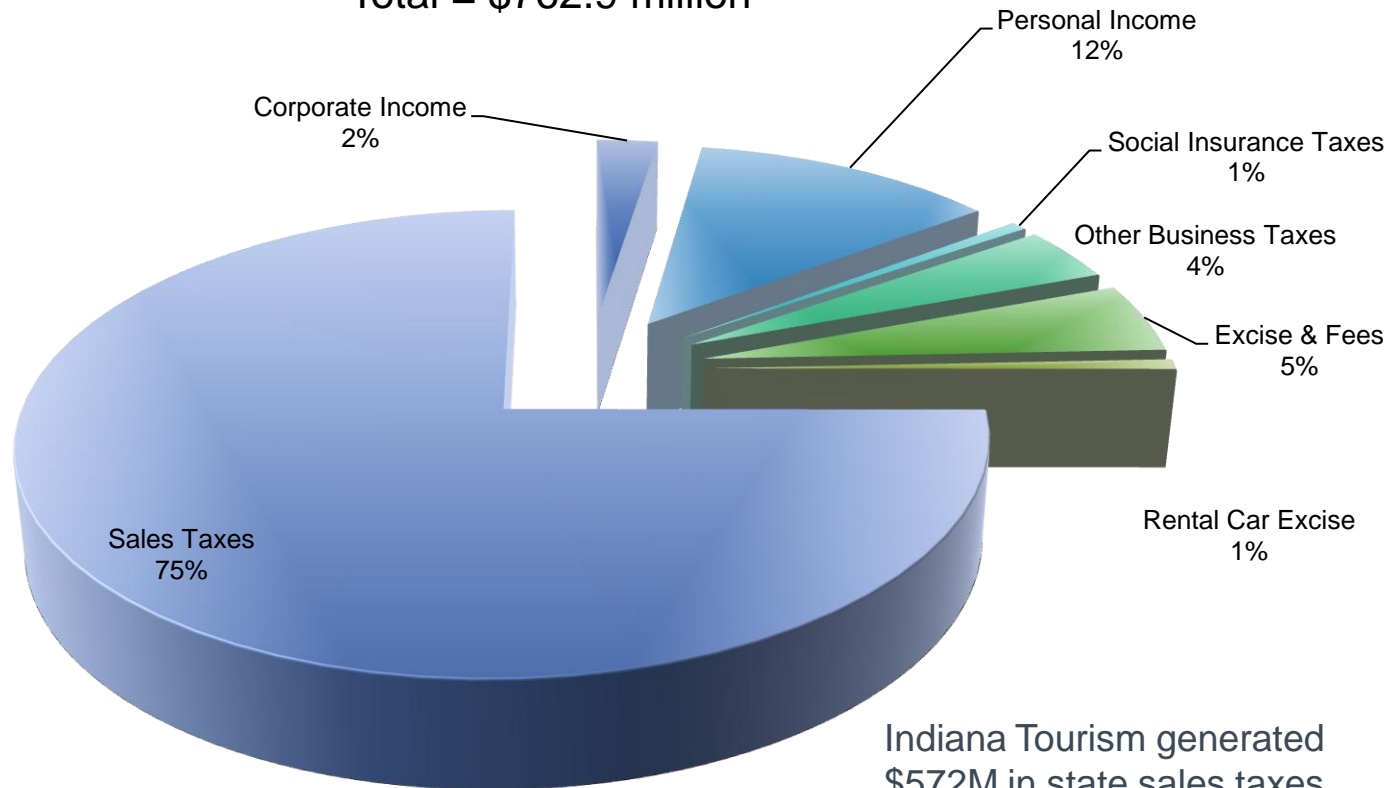
* Excluding property taxes

Indiana Tourism-Initiated State Tax Revenue

The imputed total tax rate (Fed, State, Local) of Indiana visitor expenditures reached 21% in 2013

This rate is well below the U.S. average of 30%. While Indianapolis has relatively high discretionary tourism taxes (hotel, rental car, F&B, etc.), the rest of the state does not. Moreover, lower relative property and income taxes help to push the total below the national average.

2013 State Tax Sources Total = \$762.9 million



Source: Rockport Analytics, IMPLAN, Indiana Department of Revenue

Indiana Tourism generated \$572M in state sales taxes

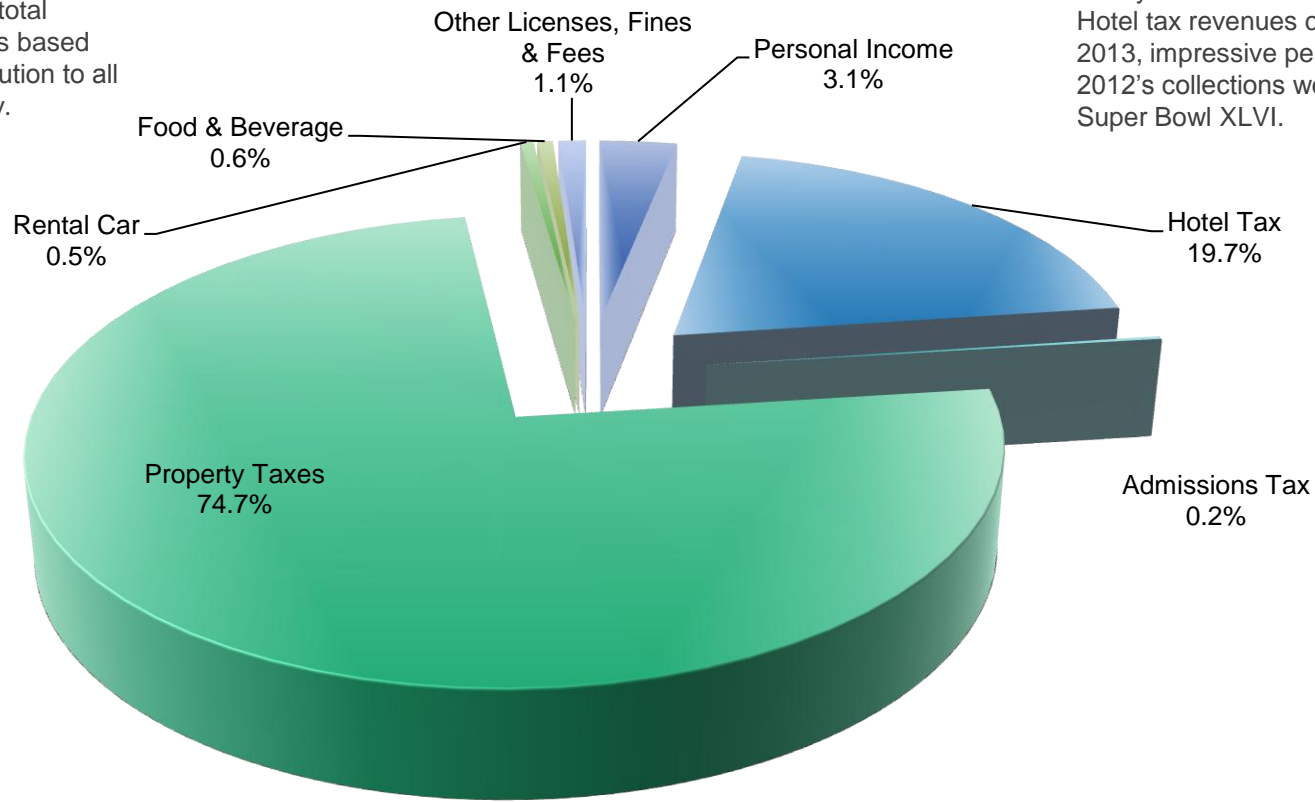
This means that visitors contributed roughly 8.5% of all Indiana sales taxes in 2013. Sales taxes on hotel rooms, rental cars, F&B, and retail generate the largest single source (75%) of taxes derived from visitors.

Indiana Tourism-Initiated Local Tax Revenue

Tourism-supported Property taxes reached \$321M in 2013

Property taxes are calculated by allocating a portion of total property tax collections based upon tourism's contribution to all property-based activity.

2013 Local Tax Sources Total = \$429.5 million



Hotel taxes hit \$84.71M in 2013

These taxes are derived directly from room night revenues and comprise nearly 20% of local tourism collections. Hotel tax revenues climbed 2.7% in 2013, impressive performance given that 2012's collections were elevated by Super Bowl XLVI.

Source: Rockport Analytics, IMPLAN, Indiana Department of Revenue, CIB

How Does Tourism Benefit Indiana?

By Promoting a Healthy Job Market

It takes only 383 visitors to support one new job in Indiana.

Contributing to the Health of the Public Education System

Every 584 Indiana visitors generates enough state and local taxes to pay for one Indiana public school student for a full year.

Playing a Significant Role in the Indiana Economy's Industrial Composition

Tourism is the 7th largest industry (6th not including Government) in Indiana (by jobs).

Directly Benefiting Area Businesses

Each Indiana visitor spent an average of \$144 locally on transportation, hotel, F&B, shopping, and entertainment.

Providing Tax Revenue to Support Local State & Local Government

Each visitor generated roughly \$30 in tax receipts, \$17 of which went to state and local authorities.

Helping to Relieve the Tax Burden of Indiana Households

If visitors stopped coming to Indiana each of its 2.5 million households would have to pay an additional \$478 in state & local taxes in order to maintain current levels of tax receipts.

Capturing and Retaining the Expenditures Made By Visitors

Indiana was able to retain about 77 cents of every \$1.00 spent by visitors.



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